GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:520
ANSWERED ON:18.11.2016
Service Tax on Chit Funds
Tharoor Dr. Shashi

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that the levy of service tax on chit funds has adversely affected middle and lower- income households;

(b) if so, the details thereof;

(c) whether the Government proposes to extend the benefit of exemption from service tax or abatement of 90 per cent to chit funds as available to the Non-Banking Financial Company (NBFC); and

(d) if so, the details thereof, if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a): Chit Funds per se being a mere transaction in money are not leviable to service tax. Service tax is leviable on services provided by foreman of a chit fund in relation to chit.

(b), (c) & (d): Does not arise, in view of reply to part (a) above.
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